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Pursuant to those transactions (the "Takeover"), funds advised by Apax Partners, a leading advisor of private equity funds in the United Kingdom, United States and Western Europe ("Apax Partners"), and funds advised by Permira, a leading European private equity firm ("Permira"), acquired a combined ownership interest of over 50% in the newly-formed Inmarsat Group Holdings Limited ("Inmarsat Group Holdings").⁹ Inmarsat Group Holdings is the ultimate parent company of a group of holding and operating companies doing business under the Inmarsat name.

As a result of the Takeover and the subsequent issuance of shares to an Inmarsat employee benefits trust, some current or previous directors, officers and employees, and an employee benefit trust, hold a 5.70% ownership interest in Inmarsat Group Holdings.¹⁰ The funds advised by Apax Partners and fund advised by Permira now hold a 51.75% ownership interest in Inmarsat Group Holdings.¹¹ Thus, 57.46% of the ownership of Inmarsat is now held by new, non-signatory shareholders. The remaining 42.54% ownership interest is held by former signatories. Of the 85 former signatories, only 15 retain an ongoing ownership interest in Inmarsat.¹² Telenor Satellite Services AS ("Telenor"), COMSAT Investments, Inc. ("COMSAT"), and KDDI Corporation ("KDDI"), chose to reinvest in Inmarsat's continuing business. They hold 14.95%, 13.96%, and 7.55%, respectively, of the shares of Inmarsat Group Holdings. Twelve other former signatories hold an aggregate 6.08% ownership interest in Inmarsat, with the largest shareholder of those twelve retaining less than a 2.50% interest.

II. Inmarsat Satisfies the Requirements of Section 621(5)(F)

A. Substantial Dilution of the Aggregate Amount of Signatory and Former Signatory Financial Interest Has Occurred

Inmarsat has achieved "substantial dilution of the aggregate amount of signatory and former signatory financial interest" in Inmarsat, as defined in Sections 621(5)(F) and 621(5)(G) of the ORBIT Act. The ORBIT Act provides that "the term 'substantial dilution' means that a majority of the financial interests in the successor entity is no longer held or

⁹ Investors in funds advised by Apax Partners comprise public and corporate pension funds, endowments and other institutions. Investors in funds advised by Permira are comprised principally of public and corporate pension funds and other institutions. As described more fully herein, neither the funds advised by Apax Partners nor the funds advised by Permira are affiliated with an Inmarsat signatory or former signatory.

¹⁰ Certain former directors and certain current employees also hold, in the aggregate, an interest of approximately 0.01%.

¹¹ The issuance of shares to this trust diluted the collective holdings of the funds advised by Apax Partners and the funds advised by Permira. Thus, this 51.75% interest is 0.53% lower than that previously reported.

¹² Two prior owners who were not signatories chose not to reinvest: Cable & Wireless UK and Hong Kong Telekom.

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controlled, directly or indirectly, by signatories or former signatories.”¹³ Thus, whether this provision is satisfied is determined by taking a “snapshot” of the financial structure of Inmarsat as of today, to determine whether *entities other than signatories or former signatories* (“Non-signatories”) hold over 50% of the financial interests in Inmarsat.

The term “financial interest” is not defined in the ORBIT Act. Thus, it is not clear whether that term includes debt interests in addition to equity interests. The Commission need not reach this issue here, because Inmarsat has achieved “substantial dilution” regardless of whether “financial interest” is limited to equity interests, or whether it includes both debt and equity interests. Thus, the following analysis describes the ownership of both debt and equity interests in Inmarsat.

The capitalization of Inmarsat consists of approximately \$1.833 Billion (US) of funded debt and contributed equity.¹⁴ Approximately \$555.2 Million of this is comprised of contributed equity in the form of Class A and Class B ordinary shares (approximately \$34.5 Million), and of debt in the form of subordinated preference certificates (“SPCs”) (approximately \$520.7 Million¹⁵). The SPCs are “stapled” to the Class B ordinary shares, and cannot be transferred apart from those ordinary shares. Some current or previous Inmarsat directors, officers and employees, and an employee benefit trust, own the Class A ordinary shares. Funds advised by Apax Partners, funds advised by Permira, certain former signatories, certain previous Inmarsat directors, and certain current Inmarsat employees, own the Class B ordinary shares and the SPCs. Approximately \$800 Million of the capitalization consists of indebtedness for money borrowed under a \$975 Million bank credit facility.¹⁶ And approximately \$477.5 Million of the capitalization consists of indebtedness under bonds that were placed with Non-signatory institutional investors and that are now publicly tradable. On November 9, 2004, Inmarsat commenced a new bond offering which priced \$301 Million of additional bonds, the net proceeds of which will be used to redeem a portion of the SPCs, on a pro-rata basis.¹⁷

¹³ ORBIT Act at § 621(5)(G).

¹⁴ See Attachment A.

¹⁵ This analysis (i) values the equity interests at the amount contributed for those interests in December 2003, and (ii) values the SPCs (also known as deep discount bonds) at their highly discounted issue price in December 2003. The SPCs were issued in Euros and have been converted into Dollars on Attachment D based on an exchange rate of 1.2332 Dollars/Euro as of the issue date. Because the Dollar has weakened since December 2003, the value of the SPCs would be greater than stated herein if they were converted based on the November 6, 2004 exchange rate of 1.2962, for example.

¹⁶ Inmarsat intends to pay down \$62.5 Million of this indebtedness in the near future.

¹⁷ As with its existing bonds, Inmarsat expects that the new bonds initially would be placed with Non-signatory institutional investors, listed for trading on the Luxembourg Stock Exchange, and subsequently exchanged for virtually identical securities in a registered offering in the United States. Inmarsat expects to close the bond offering within the next few weeks.

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The amounts of debt and equity interests held in Inmarsat by Non-signatories are as follows. Of the Inmarsat ordinary shares, approximately 57.46% is owned by Non-signatories, with the remainder, approximately 42.54%, held by former signatories.¹⁸

Attachment C provides a summary of the historical transfers of equity interests in Inmarsat that occurred from April 15, 1999, when Inmarsat privatized by transferring its business from an IGO to a private corporation, until November 1, 2004. Of the Inmarsat SPCs, approximately 54.89% is held by Non-signatories, with the remainder, approximately 45.11%, held by former signatories.¹⁹ One hundred percent (100%) of the indebtedness under the Inmarsat bank credit facility is held by institutional entities who are Non-signatories. To the best of Inmarsat's knowledge, all of the Inmarsat bonds are held by institutional entities who are Non-signatories.²⁰

This information confirms that at least 50% of the combined debt and equity interests in Inmarsat is currently held by Non-signatories:

Equity or Debt Interest in Inmarsat	Amount (\$ Millions)
Equity Held by Non-signatories (57.46%)	19.7
SPCs Held by Non-signatories (54.89%)	285.8
Bank Debt Held by Non-signatories (100%)	800.0
Bonds Held by Non-signatories (100%)	477.5
Subtotal:	1,583.0

¹⁸ See Attachment B.

¹⁹ See Attachment D. The Non-signatories hold a smaller percentage of SPCs than the former signatories because certain Non-signatories hold only Class A shares and do not hold any SPCs.

²⁰ All of Inmarsat's \$477.5 Million of bonds were initially placed with Non-signatory institutional investors. Inmarsat's issuance of \$301 Million of new bonds also will be held by Non-signatory institutional investors. Because the existing Inmarsat bonds are publicly traded, and the new bonds also will become publicly traded, it will not be possible to ascertain definitively who holds all of them at any given time. However, to the best of Inmarsat's knowledge, no former signatory holds any such bonds today, and Inmarsat believes it extremely unlikely that any former signatory owns or would own any significant amount of these bonds, if it owns any. It is not necessary to inquire further into ownership of the bonds, because more than 50% of the total capital structure (equity alone or debt and equity) of Inmarsat is held by Non-signatories, even without taking into account the current ownership of the \$477.5 Million of outstanding bonds or the issuance of \$301 Million of additional bonds.

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Dividing this subtotal by the total capitalization of Inmarsat, \$1.833 Billion, shows that at least 86% of the total capital contributed to Inmarsat is represented by debt and equity interests held by Non-signatories. It is clear that 86% represents "substantial dilution" of the aggregate financial interests of signatories and former signatories, as defined by the ORBIT Act.

B. No Signatories or Former Signatories That Retain a Financial Interest in Inmarsat, Together or Individually, Possess Effective Control Over Inmarsat

Effective control of Inmarsat is vested exclusively in funds advised by Apax Partners and funds advised by Permira. As explained above, Inmarsat Group Holdings is the ultimate parent company of all of the Inmarsat entities, including Inmarsat Ventures Limited, Inmarsat Investments Limited, Inmarsat Group Limited and Inmarsat Limited.²¹ Control of Inmarsat Group Holdings, therefore, provides control of the business of Inmarsat in its entirety. Funds advised by Apax Partners and funds advised by Permira control Inmarsat Group Holdings through (1) their majority voting interest as shareholders of Inmarsat Group Holdings, (2) the terms of the Shareholders' Agreement among Inmarsat Group Holdings' shareholders, (3) their current representation on the board of directors of Inmarsat Group Holdings, (4) their ability to increase the size of the board (there is no maximum number of directors) and to control the appointment and removal of all directors (except those selected by the other 10% or greater shareholders), and (5) the lack of means to undermine their control (e.g., absence of supermajority voting provisions that operate in favor of other shareholders). Hence, the funds advised by Apax Partners and funds advised by Permira are able to control Inmarsat, and the former Inmarsat signatories no longer are able to do so.

1. Distribution of Inmarsat Group Holdings Voting Power

As discussed above, funds advised by Apax Partners and funds advised by Permira each hold ownership and voting interests of 25.87% in Inmarsat Group Holdings, for a combined 51.75% voting interest. Only three former signatories hold interests exceeding 5% in Inmarsat Group Holdings: Telenor (14.95%), COMSAT (13.96%), and KDDI (7.55%). Twelve other former signatories hold various smaller interests that aggregate to 6.08%.²² Additionally, 5.70% of the voting interests is held by certain current or previous Inmarsat directors, officers,

²¹ A chart describing the post-acquisition corporate structure of Inmarsat is appended hereto as Attachment A.

²² No former signatory of Inmarsat is an investor in the funds advised by Apax Partners or the funds advised by Permira that own shares in Inmarsat Group Holdings. In the interest of full disclosure, however, Inmarsat notes that one foreign limited partner investor in one of the Apax Partners' funds is a pension fund of a former signatory. Five other limited partners in certain of the Apax Partners and Permira funds are foreign governments that have invested in these funds through different legal entities than their respective former signatories.

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and employees, and an employee benefit trust. These details are set forth in the following table:²³

Shareholder	Voting Interest in Inmarsat Group Holdings
Apax Partners funds	25.87
Permira funds	25.87
Telenor	14.95
COMSAT	13.96
KDDI	7.55
Other former signatories	6.08
Certain current or previous directors, officers and employees and an employee benefit trust	5.70 ²⁴
TOTAL:	100%

This clearly illustrates the voting control of funds advised by Apax Partners and funds advised by Permira. As discussed more fully below, this majority voting interest in Inmarsat Group Holdings, together with the terms of the Shareholders' Agreement, provides funds advised by Apax Partners and funds advised by Permira with the ability to control the size and composition of Inmarsat Group Holdings' board of directors (excluding those selected by the other 10% or greater shareholders) and to control the business of Inmarsat. Correspondingly, it precludes former signatories from doing so.

2. Shareholders' Agreement

On October 16, 2003, Inmarsat Group Holdings and its subsidiaries, funds advised by Apax Partners and funds advised by Permira, and certain Inmarsat director and management investors, entered into a shareholders agreement (the "Shareholder's Agreement").²⁵ As a general matter, the Shareholders' Agreement includes provisions relating to, among other things, (1) the composition of the board of directors of Inmarsat Group Holdings (§ 6), (2) the procedures for management and governance of Inmarsat Group Holdings (§§ 8, 13, Schedule 6), (3) the rights and obligations of each investor in Inmarsat Group Holdings (§§ 4-16), (4) the conditions under which a public or private sale of all or part of Inmarsat Group Holdings or any of its subsidiaries may take place (§ 15, Schedule 7), and (5) the conditions

²³ See also Attachment B.

²⁴ Certain former directors and certain current employees also hold, in the aggregate, an interest of approximately 0.01%.

²⁵ The Shareholders' Agreement is attached hereto as Attachment E.

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under which transfers of shares of Inmarsat Group Holdings and its subsidiaries may take place (§ 15, Schedule 6, Schedule 8).

In particular, each of the acts specified in Schedule 6 to the Shareholders' Agreement²⁶ (with limited exceptions specified therein) that affect Inmarsat's business requires the prior written consent of both the funds advised by Apax Partners and the funds advised by Permira, including:

- any variation, increase, consolidation, or other alteration of Inmarsat's authorized or issued share or loan capital, or any amendment or waiver of the rights attached thereto, except as permitted by the Shareholders' Agreement, the finance documents, the subordinated preference certificates instrument or the governing documents relating to such share or loan capital (Item 1);
- any alteration to Inmarsat's governing documents (Item 2);
- the taking of steps to wind up, dissolve, obtain an administration order, appoint a receiver, enter into voluntary liquidation or any similar step with respect to Inmarsat (Item 4);
- any major disposal or acquisition by Inmarsat with a value of over £500,000 (Item 5);
- any material change to the nature of Inmarsat's business (Item 6);
- the amalgamation, demerger, merger, corporate reconstruction or consolidation of any of Inmarsat (Item 8);
- the appointment or removal of any Inmarsat director not appointed by a 10% or greater shareholder or of any officer of Inmarsat (Item 11);
- the appointment or termination of any Inmarsat employee whose base salary exceeds £100,000 (Item 13);
- any amendment, modification or waiver to any of Inmarsat's finance documents (Item 18);
- any capital expenditure by Inmarsat exceeding \$5 million (Item 19);
- entering into any agreement by Inmarsat outside of the ordinary and normal course of business or otherwise than at arm's length (Item 20);
- any amendment to or surrender of the terms of any of Inmarsat's material contract (Item 21);
- the entry into any partnership or joint venture arrangement by Inmarsat (Item 25);

²⁶ The schedule referenced in Section 8 of the Shareholders' Agreement as "Schedule 5" is actually labeled as "Schedule 6" in the Schedules to that agreement.

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- the entry into any agreement restricting Inmarsat's freedom to do business (Item 26); and
- the creation of any encumbrance or guarantee of any of Inmarsat's assets or the giving of any guarantee, indemnity or security (Item 27).

In accordance with Section 8.5 of the Shareholders' Agreement, these consent requirements remain in place as long as funds advised by Apax Partners and funds advised by Permira hold a majority of the outstanding shares of Inmarsat Group Holdings. These consent requirements do not apply if the matter at issue has been approved by the Chief Executive Officer of Inmarsat Group Holdings, to the extent that such approval is within the scope of the authority delegated to him by Inmarsat Group Holdings' board of directors. Because Apax Partners and Permira can control the size and composition of Inmarsat Group Holding's board (excluding those selected by the other 10% or greater shareholders), this provision simply reaffirms the effective control over Inmarsat that is vested in funds advised by Apax Partners and funds advised by Permira.

3. Control of the Inmarsat Group Holdings Board of Directors

Through their majority shareholding and the terms of the Shareholders' Agreement, funds advised by Apax Partners and funds advised by Permira are able to control the composition and size of Inmarsat Group Holdings' board of directors, with the exception of the selection of two directors that are selected by the other 10% or greater shareholders. Currently, the board of directors consists of seven members whose names and positions are set forth below:

Name	Position
Andrew Sukawaty	Chairman, Executive Director
Michael Butler	Executive Director
Richard Medlock	Executive Director
Richard Wilson	Non-executive Director
Graham Wrigley	Non-executive Director
Bjarne Aamodt	Non-executive Director
David Preiss	Non-executive Director

Funds advised by Apax Partners and funds advised by Permira effectively can control the appointment and removal of five of these seven directors. This control is provided by the terms of the Inmarsat Group Holdings articles of association (the "Articles of Association") and the Shareholders' Agreement. As set forth in the Articles of Association, for so long as funds advised by Apax Partners or funds advised by Permira hold 10% or more of the issued share capital of Inmarsat Group Holdings, each of those entities is entitled to appoint and to

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remove one non-executive director of its choosing.²⁷ Graham Wrigley and Richard Wilson have been appointed to the Inmarsat Group Holdings board as non-executive directors by funds advised by Permira and funds advised by Apax Partners, respectively. Furthermore, any other investor holding 10% or more of the issued share capital of Inmarsat Group Holdings is entitled to appoint and to remove one non-executive director of its choosing.²⁸ At this time, Telenor and COMSAT each hold in excess of 10% of the issued share capital of Inmarsat Group Holdings and they are thereby entitled to appoint and to remove one non-executive director each of their choosing. Bjarne Aamodt and David Preiss have been appointed to the Inmarsat Group Holdings board as non-executive directors by Telenor and COMSAT, respectively.

As for the remaining directors, under the Articles of Association, any holder or holders of more than half of the shares of Inmarsat Group Holdings may, at any time and from time to time, appoint any person to be a director or remove any director of the company, with the exception of the four directors discussed above.²⁹ In other words, as a result of their combined holding of 51.75% of Inmarsat Group Holdings, funds advised by Apax Partners and funds advised by Permira have the ability to appoint and to remove any number of additional directors. Moreover, pursuant to the Shareholders' Agreement, the prior written consent of the funds advised by Apax Partners and the funds advised by Permira is required to appoint or to remove any director of Inmarsat other than those appointed by 10% or greater shareholders.³⁰ In accordance with these provisions, Andrew Sukawaty and Michael Butler each joined the board in December 2003 and Richard Medlock joined the board in September 2004. Thus, the funds advised by Apax Partners and funds advised by Permira are able to control the appointment and removal of five of the seven current directors of Inmarsat Group Holdings.

Finally, under the Articles of Association, Inmarsat Group Holdings must have at least one director, but it is not subject to any maximum number of directors, unless otherwise determined by ordinary resolution of the shareholders.³¹ Given the ability of funds advised by Apax Partners and funds advised by Permira to appoint or to remove any number of directors at any time (excluding those selected by the other 10% or greater shareholders), and their ability to control the vote of any ordinary resolution of the shareholders, those entities are capable of adjusting the board's size as necessary to effectuate their control over Inmarsat. Said differently, funds advised by Apax Partners and funds advised by Permira can control the size and composition of Inmarsat Group Holdings' board by appointing additional directors of their choosing at any time and blocking the appointment of additional directors, in their sole discretion (excluding those selected by the other 10% or greater shareholders).

²⁷ Articles of Association at §§ 12.1-12.4 (attached hereto as Attachment F).

²⁸ *Id.* at § 12.5.

²⁹ *Id.* at § 37.5

³⁰ Shareholders' Agreement at § 8 & Schedule 6, Item 11.

³¹ See Articles of Association at § 32. No resolution limiting the number of directors has been adopted.

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4. Former Signatories Do Not Have Negative Control

As discussed above, their possession of over 50% of the voting power, the terms of the Shareholders' Agreement, and their control over the size and composition of the Inmarsat Group Holdings' board, provide funds advised by Apax Partners and funds advised by Permira with effective control over the business of Inmarsat. Former signatories that retain a financial interest in Inmarsat lack the means to usurp this control or otherwise exercise control over the business of Inmarsat. Thus, no former signatories that hold such an interest possess, individually or together, have effective control the business of Inmarsat.³²

Under English Company Law, a simple majority decides questions or issues arising at a meeting of the shareholders, except for extraordinary matters such as amending the company's charter documents. Under the Articles of Association, a simple majority decides questions or issues arising at a meeting of the board of directors.³³ Funds advised by Apax Partners and funds advised by Permira hold a majority of the share capital of Inmarsat Group Holdings, and therefore control any ordinary resolution of the shareholders. However, the Shareholders' Agreement and the Articles of Association provide typical "minority rights" protections for the remaining shareholders. For example, more than a simple majority shareholder vote, and/or the consent of those directors appointed by 10% or greater shareholders, is required for the following types of matters:

- amending the Articles of Association;³⁴
- amending the Shareholders' Agreement;³⁵
- shortening the notice period for calling a board meeting, or changing the venue for a board meeting;³⁶
- varying or abrogating the rights of a class of shares;³⁷
- restructuring Inmarsat by transferring the shares of Inmarsat Group Holdings to a new holding company or conducting an IPO of equity securities through such a new holding company;³⁸

³² ORBIT Act at § 621(5)(F)(i)(II).

³³ Articles of Association at § 39.1.

³⁴ Articles of Association at § 53; Shareholders' Agreement at § 9.25.

³⁵ Shareholders' Agreement at § 9.2.

³⁶ Articles of Association at § 39.3; Shareholders' Agreement at § 13.3.

³⁷ Articles of Association at § 19.1; Shareholders' Agreement at § 9.2.

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- entering into certain significant transactions that are proposed before December 2006;³⁹ or
- entering into certain contracts or arrangements with Apax Partners or Permira.⁴⁰

These limited minority protections in no way provide former signatories with effective control of Inmarsat.⁴¹

The funds advised by Apax Partners and the funds advised by Permira control the employment of Inmarsat's officers and key employees. Pursuant to the Shareholders' Agreement, Inmarsat Group Holdings must receive the prior written consent of both funds advised by Apax Partners and funds advised by Permira in order to (i) appoint or remove any officer of Inmarsat or (ii) appoint or terminate any employee whose base salary exceeds £100,000.⁴² Moreover, as explained above, funds advised by Apax Partners and funds advised by Permira control the size and composition of Inmarsat Group Holdings' board, and therefore have a separate basis to control the selection of Inmarsat's officers. These provisions and powers provide the funds advised by Apax Partners and the funds advised by Permira with control over Inmarsat's officers and key employees.

The Commission already has found that Inmarsat has satisfied the ORBIT Act requirement set forth in Section 621(5)(D) which prohibits officers or managers of Inmarsat from also being officers or managers of a former signatory.⁴³ Moreover, to the best of its knowledge,

³⁸ Shareholders' Agreement at §§ 15.4.1(b), 15.6. Section 15.1 of the Shareholders' Agreement otherwise allows the funds advised by Apax Partners and the funds advised Permira to determine the timing and terms of an IPO of equity securities.

³⁹ Articles of Association at § 39.9. Section 15.7 of the Shareholders' Agreement requires that this provision be included in the charter documents of any Inmarsat entity that conducts an equity IPO before December 2006, unless the 10% or greater shareholders consent to an IPO without this provision continuing in effect.

⁴⁰ Shareholders' Agreement at § 8.4.

⁴¹ Section 29.2(d) of the Articles of Association allows shareholders holding at least 95% of the vote to call an extraordinary meeting of the board on notice shorter than 14 days. Given the voting power held by both funds advised by Apax Partners and funds advised by Permira, these entities can block this method of calling an extraordinary meeting. Otherwise, extraordinary meetings can be called on 14 days' notice.

⁴² Shareholders' Agreement at Section 8 & Schedule 6, Items 11 and 13.

⁴³ See *Market Access Order* at 21,689-21,690, 21,694 (¶¶ 47, 58).

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none of Inmarsat's officers or key employees has a material relationship with any former signatory who has a financial interest in Inmarsat.⁴⁴

C No Intergovernmental Organization Has More Than A Minimal Ownership Interest in Inmarsat

The third and final requirement of Section 621(5)(F)(i) is that "no intergovernmental organization has...more than a minimal ownership interest in a successor entity of Inmarsat."⁴⁵ This requirement is identical to the requirement set forth in Section 621(2)(B), which the Commission addressed in the *Market Access Order*.⁴⁶ In that order, the Commission reviewed the sole ownership interest in Inmarsat held by an intergovernmental organization and determined that it is "minimal ownership" within the meaning of the Act.⁴⁷

The International Mobile Satellite Organization ("IMSO") is the only intergovernmental organization that has any ownership interest in Inmarsat. IMSO is a residual entity left in place by the Inmarsat Assembly of Parties when the decision to privatize Inmarsat was made in early 1999.⁴⁸ IMSO's sole involvement in Inmarsat is the oversight of certain public services, mainly the continued provision of space segment capacity for the global maritime distress and safety system ("GMDSS").⁴⁹ Moreover, IMSO's ownership in Inmarsat is limited to a "special share" of Inmarsat Ventures Limited that confers neither any normal voting rights nor any rights to participate in Inmarsat's profits; it only gives IMSO the right to veto any proposals to amend those provisions of the Memorandum of Association or Articles of Association of Inmarsat Ventures Limited that relate to Inmarsat's public service obligations, especially GMDSS.⁵⁰

Having reviewed these facts, the Commission concluded:

⁴⁴ The Commission has previously approved the *de minimis* financial interests in former signatories held by certain Inmarsat officers and managers. See *In the Matter of Comsat Corporation d/b/a Comsat Mobile Communications, et al.*, 17 FCC Rcd 13,179, 13,189-13,190 (¶¶ 12, 14) (2002) (establishing the *de minimis* threshold for financial interests of Inmarsat officers and managers in former signatories).

⁴⁵ ORBIT Act at § 621(5)(F)(i)(III).

⁴⁶ *Id.* at § 621(2)(B) ("No intergovernmental organization...shall have-- (B) more than minimal ownership interest in Inmarsat or the successor or separated entities of Inmarsat."); *Market Access Order* at 21,686 (¶ 41) (although the text of paragraph 41 refers to Section 621(2)(A), the quoted language corresponds to the language of Section 621(2)(B)).

⁴⁷ *Market Access Order* at 21,686 (¶ 41).

⁴⁸ *Id.* at 21,672 (¶ 9).

⁴⁹ *Id.*

⁵⁰ *Id.* at 21,686 (¶ 41).

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No party in this proceeding has objected to the special share held by IMSO. *We find that the existence of the special share to be a 'minimal ownership' within the intent of the Act.* Moreover, the 'special share' provides a useful tool for the United States and other members of IMSO 'to preserve space segment capacity of the GMDSS' as required by Section 624(3) of the Act.⁵¹

Given the Commission's previous, express findings on this issue, Inmarsat submits that it has satisfied the third and final requirement of Section 621(5)(F)(i).

III. Conclusion

As demonstrated in this Request for Declaratory Ruling, over 50% of the financial interests in Inmarsat is held by entities other than signatories or former signatories of Inmarsat. As a result, Inmarsat has achieved substantial dilution of the aggregate financial interest of Inmarsat signatories and former Inmarsat signatories. Moreover, effective control of Inmarsat is vested in investment funds independently controlled by Apax Partners and by Permira that are not affiliated with any former signatory. Finally, the Commission already has decided that the sole intergovernmental organization having any interest in Inmarsat, IMSO, has only a "minimal ownership" interest as defined by the ORBIT Act. These conclusions are supported by the attached certification and the financial and other information attached hereto. Inmarsat therefore submits that it has met the requirements of Section 621(5)(F) of the Act and it respectfully requests that the Commission find that Inmarsat has fully satisfied this final ORBIT Act criterion.

Respectfully submitted,

Inmarsat Group Holdings Limited

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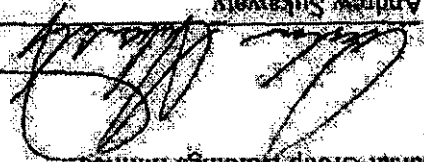
⁵¹ *Id.* (citations omitted; emphasis added).

CERTIFICATION OF INMARSAT GROUP HOLDINGS LIMITED

I, Andrew Sukawaty, Chairman and Chief Executive Officer for Inmarsat Group Holdings Limited (together with its subsidiaries, "Inmarsat"), declare under penalty of perjury as follows:

- (i) Inmarsat has achieved substantial dilution of the aggregate amount of former signatory financial interest in Inmarsat;
- (ii) Any signatories or former signatories that retain a financial interest in Inmarsat do not possess, together or individually, effective control of Inmarsat;
- (iii) No intergovernmental organization has more than a minimal ownership interest in Inmarsat; and
- (iv) I have read the foregoing Request for Declaratory Ruling and the Attachments thereto. The representations contained therein are true and correct to the best of my knowledge, information, and belief.

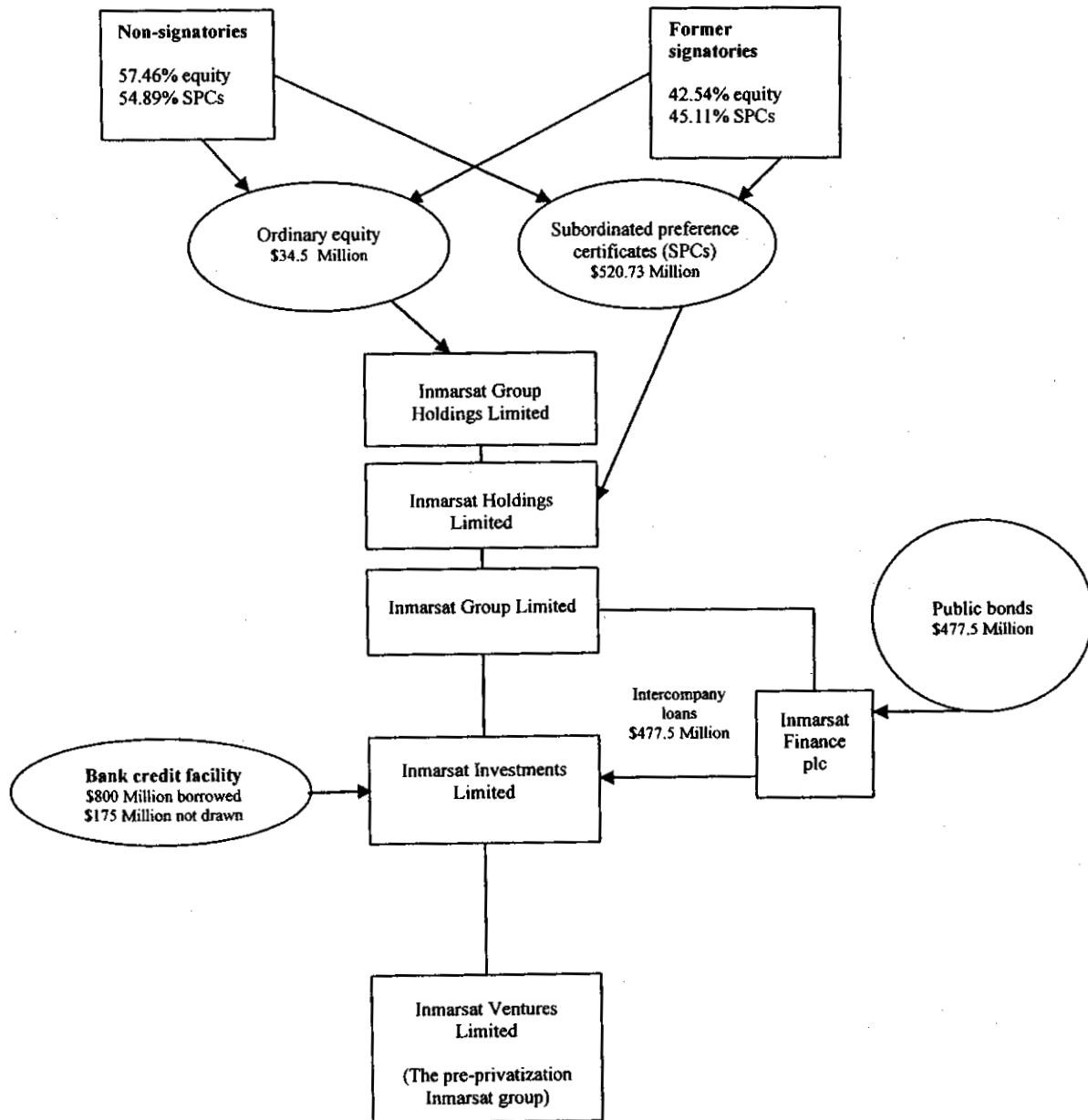
Inmarsat Group Holdings Limited

By: 
Andrew Sukawaty
Chairman and Chief Executive Officer

Executed on: November 15, 2004

Attachment A

Inmarsat Capitalization and Corporate Structure – November 12, 2004



Note: Inmarsat has launched an offering of \$301 Million of additional bonds, which will be used to redeem a portion of the SPCs, on a pro-rata basis. These bonds are to be issued by Inmarsat Finance II plc, a newly formed company majority owned by Inmarsat Holdings Ltd. Inmarsat plans shortly to pay down \$62.5 Million of its bank debt.

Attachment B

Inmarsat Shareholders – November 1, 2004

Inmarsat Shareholders - November 2004				
Identity	Shareholding	Non-signatory shareholding	Former signatory shareholding	Percentage shareholding
Apax Funds	6,985,960	6,985,960		25.8739259
Atlas Services Belgium SA	1		1	0.0000037
Bangladesh Telegraph and Telephone Board	13,453		13,453	0.0498259
Beijing Marine Communication and Navigation Company (China)	387,773		387,773	1.4361963
COMSAT Investments Inc.	3,769,198		3,769,198	13.9599926
Gabon Telecom SA	18,283		18,283	0.0677148
General Post and Telecom Company (Libya)	13,453		13,453	0.0498259
Current or previous Inmarsat directors, officers, and employees and an employee benefit trust	1,539,000	1,539,000		5.7000000
Inmarsat employees and former directors	2,264	2,264		0.0083852
KDDI Corporation (Japan)	2,037,657		2,037,657	7.5468778
KT Corporation (Korea)	617,279		617,279	2.2862185
Liberia Bureau of Maritime Affairs	59,936		59,936	0.2219852
Morsviazsputnik (Russian Federation)	486,012		486,012	1.8000444
Pakistan Telecommunications Co. Limited	34,172		34,172	0.1265630
Permira Funds	6,985,961	6,985,961		25.8739296
Stratos Wireless Inc. (Canada)	1		1	0.0000037
Telenor Satellite Services AS (Norway)	4,036,143		4,036,143	14.9486778
Vietnam Maritime Communications and Electronics Company	13,453		13,453	0.0498259
Xantic BV (Netherlands)	1		1	0.0000037
Total Issued Shares	27,000,000	15,513,185	11,486,815	
Percentage Interest in All Issued Shares		57.46	42.54	100.0000000

Attachment C

Historical Inmarsat Share Transfers

The following table depicts the changes in ownership of Inmarsat shares by former signatories from the moment immediately after Inmarsat was privatized in April 1999 (almost a year before ORBIT was enacted), through November 1, 2004.

When Inmarsat took the first step toward privatizing by transferring its business from an IGO to a newly-created private company on April 15, 1999, signatories exchanged their investment shares in the IGO for ordinary shares in the privatized company. As shown on the attached table, at that time virtually all of the shares were owned by the signatories who then became former signatories. One share was held by an Inmarsat employee, and two trusts were established to hold the shares on behalf of former signatories who were not able to hold those shares outright. In addition, two entities, Cable & Wireless UK and Hong Kong Telekom, neither of which was a signatory, held shares they acquired through their indirect investment through entities that were signatories.

Between April 15, 1999 and March 2000 (when the ORBIT Act was enacted), certain share transfers occurred, as reflected on the attached table. These involved transfers from the trusts to the former signatories who originally could not hold their shares directly, transfers to an affiliate of a former signatory or to another government agency. In addition, some former signatories effectuated corporate name changes.

After the ORBIT Act was enacted and until the takeover in December 2003, certain other share transfers occurred, as reflected on the attached table. These involved transfers to an affiliate of a former signatory or to another government agency, a transfer from one former signatory to another, the issuance of shares to an employee profit-sharing plan, transfers to a joint venture created by two former signatories, and a transfer from a former signatory to a Non-signatory. In addition, some former signatories effectuated corporate name changes.

Earlier this year, additional shares were issued to a benefit plan trust for Inmarsat employees. The attached table reflects the dilution of the other shareholders that resulted from the issuance of those additional shares.⁵²

In short, as a result of the December 2003 takeover, the shares owned by all former signatories and their subsequent transferees as of that date were redeemed, except for fifteen former signatories who reinvested in Inmarsat, three of which former signatories retained a nominal interest of only one share each. The shares owned by Cable & Wireless UK and Hong Kong Telekom also were redeemed. As reflected on the attached table, the current Non-signatory owners consist of funds advised by Apax Partners and funds advised by Permira, some current or previous Inmarsat directors, officers, and employees, and an employee benefit trust. No former signatory invests in any of the funds advised by Apax Partners or by Permira that holds an interest in Inmarsat.⁵³

⁵² Thus, the holdings of the Apax Partners funds and the Permira funds are now collectively 0.53% lower than previously reported.

⁵³ One limited partner investor in one of the Apax Partners funds is a pension fund of a former signatory. Five other limited partner investors in certain of the Apax Partners or Permira funds are foreign governments that have invested those funds through different legal entities than their respective former signatories.

Historical Inmarsat Share Transfers							
	Identity	Shareholdings on 4/15/99 when business privatized	Share transfers after 4/15/99 and before ORBIT enacted	Shareholdings when ORBIT enacted	Share transfers after ORBIT enacted and before 12/17/03 takeover	Shareholdings immediately before 12/17/03 takeover	Shareholdings as of 11/1/04
1	Apax Funds	0		0		0	6,985,960
2	Atlas Telecommunications SA	0		0	Transfer from #22 on 11/24/00. Name change to Atlas Services Belgium SA on 12/19/01.	5,096,570	1
3	Bahamas Telecommunications Corporation	14,792		14,792		147,920	0
4	Bangladesh Telegraph and Telephone Board	5,000		5,000		50,000	13,453
5	Beijing Marine Communication and Navigation Company	144,113		144,113		1,441,130	387,773
6	BELGACOM (Belgium)	66,511		66,511		665,110	0
7	BH Telekom	0		0	Transfer from #65 on 2/20/02	50,000	0
8	British Telecommunications plc	785,795		785,795		7,857,950	0
9	Cable and Wireless Panama SA	23,183		23,183		231,830	0
10	Cable and Wireless plc (UK)	64,332		64,332		643,320	0
11	Cameroon Telecommunications	5,000		5,000		50,000	0
12	Companhia Portuguesa Radio Marconi SA	23,798		23,798		237,980	0
13	COMSAT Corporation (1)	2,220,549		2,220,549	Transfer of 819,757 shares to #92 on 10/2/00	14,007,920	3,769,198
14	Cyprus Telecommunications Authority	157,328		157,328		1,573,280	0
15	DataStream Technology Sandrian Berhad (Brunei)	9,916		9,916		99,160	0
16	Deutsche Telekom AG	428,062		428,062		4,280,620	0
17	Empresa Brasileira de Telecomunicacoes SA	199,284		199,284		1,992,840	0
18	Empresa de Radiocomunicacion y Diffusion de Cuba	5,103		5,103		51,030	0
19	Empresa Nacional de Telecomunicaciones (Colombia)	5,067		5,067		50,670	0
20	Empresa Nacional de Telecomunicaciones SA (Chile)	8,955		8,955		89,550	0
21	Empresa Nacional de Telecomunicacoes de Mozambique	5,000		5,000		50,000	0
22	France Telecom	509,657		509,657	Transfer to #2 on 11/24/00	0	0
23	General Post and Telecom Company (Libya)	5,000		5,000		50,000	13,453
24	General Telecommunications Organization (Oman)	5,000	Name change to Oman Telecommunications Company on 12/20/99	5,000		50,000	0
25	Ghana Telecommunications Company	7,457		7,457		74,570	0
26	Hellenic Telecommunications Organization SA	467,269		467,269		4,672,690	0
27	Hill Samuel ESOP Trustees Limited	0		0	Employee Profit Sharing Scheme shares awarded 11/1/02	312,341	0
28	Hong Kong Telecom International Limited	88,115		88,115	Name change to PCCW-HKT Limited on 9/25/01	881,150	0
29	Hungarian Satellite Communications Association	5,000		5,000	Name change to HunSat Hungarian Satellite Communications Ltd on 7/1/03	50,000	0
30	Iceland Telecom Ltd	6,090		6,090		60,900	0
31	Current or previous Inmarsat directors, officers, and employees and an employee benefit trust	0		0		0	1,539,000
32	Inmarsat employees and former directors	0		0	Employee Profit Sharing Scheme shares awarded 11/1/02	11,503	2,264
33	Inmarsat Employee Share Plan Trustees Ltd	1		1	Employee Profit Sharing Scheme shares awarded 11/1/02	21,957	0

	Identity	Shareholdings on 4/15/99 when business privatized	Share transfers after ORBIT enacted before 4/15/99 and before ORBIT enacted when ORBIT enacted	Share transfers after ORBIT enacted and before 12/17/03 takeover	Shareholdings immediately before 12/17/03 takeover	Shareholdings as of 11/1/04
34	Instituto Costarricense de Electricidad (Costa Rica)	0	Transfer from #43 on 12/20/99	5,000	50,000	0
35	KDD Corporation (Japan)	757,279		757,279	7,572,790	2,037,657
36	Kenya Posts and Telecommunications Corporation	5,595		5,595	65,950	0
37	Korea Telecom Corporation	229,407	Transfer from #39 on 2/26/00	229,407	2,294,070	617,279
38	KPN Satcom BV	0	Transfer from #39 on 2/26/00	383,701	0	0
39	KPN Telecom BV (The Netherlands)	383,701	Transfer to #39 on 2/26/00	0	0	0
40	Kuwait Investment Authority	0	Transfer from #49 on 10/15/99	54,612	546,120	0
41	Latvian Shipping Company	7,453	Transfer of 26,182 shares to #97 on 8/23/99	7,453	74,530	0
42	Law Debenture ID1 (Trustee for Turkey and Yugoslavia)	36,651	Transfer to #97 on 8/23/99	15,469	154,690	0
43	Law Debenture ID2 (Trustee for Egypt, Costa Rica, Iraq, Lebanon and Tunisia)	56,455	Transfer to #34 on 12/20/99, Transfer to #52 on 5/28/99, Transfer to #82 on 5/28/99, Transfer to #97 on 5/28/99, Transfer to #42 on 5/28/99	0	0	0
44	Libera Bureau of Maritime Affairs	22,275		22,275	222,750	59,936
45	MALTA COM	19,657		19,657	198,670	0
46	Mauritius Telecom Limited	5,179		6,179	97,250	0
47	Ministere des Postes et Telecommunications (Algeria)	9,725		9,725	97,250	0
48	Ministry of Communications (Israel)	13,503	Transfer to #40 on 10/15/99	13,503	135,030	0
49	Ministry of Communications (Kuwait)	54,612		0	0	0
50	Ministry of Communications (UAE)	50,532		50,532	505,320	0
51	Ministry of Maritime Affairs, Transport and Coms (Croatia)	8,769		8,769	87,690	0
52	Ministry of Posts and Telecommunications (Lebanon)	0	Transfer from #43 on 5/28/99	5,000	50,000	0
53	Ministry of Transportation (Bahrain)	9,741		9,741	97,410	0
54	Ministry of Transport and Communications (Czech Republic)	5,000		5,000	50,000	0
55	Mirror International GmbH	0		0	2,092,480	0
56	Monaco Telecom	5,992		5,992	59,920	0
57	Morvazspunik (Russian Federation)	369,506		369,506	3,695,060	486,012
58	Navigation Maritime Bulgaria Ltd	13,112		13,112	131,120	0
59	Nigerian Telecommunications Limited	20,783		20,783	207,830	0
60	Office des Postes et Telecommunications (Gabon)	6,795		6,795	67,950	18,283
61	Pakistan Telecommunications Corporation	12,700	Name change to Pakistan Telecommunications Co. Ltd on 12/20/99	12,700	127,000	34,172
62	Permira Funds	0		0	0	6,985,961
63	Philippine Communications Satellite Corporation	26,441		26,441	264,410	0
64	PT Indonesian Satellite Corporation	39,661		39,661	396,610	0
65	Public Enterprise PTT Bosnia and Herzegovina	5,000		5,000	0	0
66	Qatar Telecom QSC	15,636		15,636	156,360	0
67	Saudi Telecom Company	99,278		99,278	992,780	0
68	Secretaria de Comunicaciones (Argentina)	35,285		35,285	352,850	0
69	Singapore Telecommunications Limited	192,173		192,173	1,921,730	0

	Identity	Shareholdings on 4/15/99 when business privatized	Share transfers after 4/15/99 and before ORBIT enacted	Shareholdings when ORBIT enacted	Share transfers after ORBIT enacted and before 12/17/03 takeover	Shareholdings immediately before 12/17/03 takeover	Shareholdings as of 11/1/04
70	Slovenska Telekomunikacie (Slovak Republic)	5,000		5,000		50,000	0
71	Societatea Nationala de Radiocomunicatii SA (Romania)	5,000		5,000		50,000	0
72	Societe Nationale des Telecommunications du Senegal	5,000		5,000		50,000	0
73	Sonera Limited (Finland)	31,551		31,551	Name change to TeliaSonera Finland Oyj on 10/29/03	315,510	0
74	Sri Lanka Telecom Limited	5,000		5,000		50,000	0
75	State Enterprise Ukrspace (Ukraine)	9,887		9,887	Transfer to #76 on 9/24/02	0	0
76	State Property Fund of Ukraine	0		0	Transfer from #75 on 9/24/02	98,870	0
77	Station 12 BV	0		0	Transfer from #38 on 4/15/00. Transfer from #94 on 5/15/00. Name change to Xantic BV on 5/8/00	5,862,300	1
78	Stratos Wireless Inc (Canada)	176,539		176,539		1,765,390	1
79	Swisscom Ltd	57,002		57,002		570,020	0
80	Tanzania Telecommunications Company Limited	5,000		5,000		50,000	0
81	Tele Danmark A/S	196,126		196,126	Name change to TDC Totallosninger A/S on 1/20/03	1,961,260	0
82	Telecom Egypt	0	Transfer from #43 on 5/28/99	36,455		364,550	0
83	Telecom Italia SpA	209,248		209,248	Transfer to #55 on 12/19/01	0	0
84	Telecom New Zealand Limited	16,141		16,141		161,410	0
85	Telecommunication Company of Iran	28,227		28,227		282,270	0
86	Telecomunicaciones de Mexico	29,549		29,549		295,490	0
87	Telefonica de Espana	117,590		117,590		1,175,900	0
88	Telefonica de Peru	9,335		9,335		93,350	0
89	Telekom Malaysia Berhad	32,352		32,352		323,520	0
90	Telekom SA Limited (South Africa)	30,186		30,186		301,860	0
91	Telekomunikacja Polska SA (Poland)	29,694		29,694		296,940	0
92	Telenor Satellite Services AS (Norway)	680,243		680,243	Transfer of 819,757 from #13 on 10/2/02	15,000,000	4,036,143
93	Telia AB (Sweden)	99,642		99,642		996,420	0
94	Telstra Corporation Limited (Australia)	202,529		202,529	Transfer to #77 on 5/15/00.	0	0
95	The Communications Authority of Thailand	18,494		18,494		184,490	0
96	The Trust Company of the Marshall Islands	9,974		9,974		99,740	0
97	Tunisie Telecom	0	Transfer from #43 on 5/28/99	5,000		50,000	0
98	Turk Telekomunikasyon	0	Transfer from #42 on 8/23/99	26,182		261,820	0
99	Videsh Sanchar Nigam Limited (India)	202,219		202,219		2,022,190	0
100	Vietnam Maritime Communications and Electronics Co	5,000		5,000		50,000	13,453
	Total Issued Shares	10,000,001		10,000,001		100,345,801	27,000,000
	(1) Shares now held through COMSAT Investments Inc.						

Attachment D

Inmarsat SPC Holders – November 1, 2004

Inmarsat SPC Holders - November 2004			
Par issue rate, \$/€ =	1.2332		
Identity	Par Value of SPCs - Euros	Par Value of Non- Signatory SPCs - Dollars	Par Value of Former Signatory SPCs - Dollars
Apax Funds	115,861,855.21	142,880,839.84	
Atlas Services Belgium SA	30.30		37.37
Bangladesh Telegraph and Telephone Board	223,119.73		275,151.25
Beijing Marine Communication and Navigation Company (China)	6,430,937.26		7,930,631.83
COMSAT Investments II, Inc.	62,509,315.79		77,086,488.23
Gabon Telecom SA	303,220.53		373,931.56
General Post and Telecom Company (Libya)	223,119.73		275,151.25
Inmarsat employees and former directors	37,652.43	46,432.98	
KDDI Corporation (Japan)	33,793,018.38		41,673,550.27
KT Corporation (Korea)	10,237,118.48		12,624,414.51
Liberia Bureau of Maritime Affairs	994,004.63		1,225,806.51
Morsviazsputnik (Russian Federation)	8,060,143.61		9,939,769.10
Pakistan Telecommunication Co. Limited	566,728.54		698,889.64
Permira Funds	115,861,855.21	142,880,839.84	
Stratos Wireless Inc. (Canada)	30.30		37.37
Telenor Satellite Services AS (Norway)	66,936,398.34		82,545,966.43
Vietnam Maritime Communications and Electronics Company	223,119.73		275,151.25
Xantic BV (Netherlands)	30.30		37.37
Total Par Value of SPCs	422,261,698.50	285,808,112.67	234,925,013.92
Percentage held of all SPCs	100.00	54.89	45.11

Attachment E

Shareholders' Agreement

**C L I F F O R D
C H A N C E**

LIMITED LIABILITY PARTNERSHIP

DUCHESSGROVE LIMITED

LAVENDerview LIMITED

GRAPEDRIVE LIMITED

GRAPECLOSE LIMITED

THE MANAGERS

THE INVESTORS

INMARSAT VENTURES PLC

SHAREHOLDERS AGREEMENT

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